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15
16 Attorneys for Aer-Ex, Inc.

17 UNITED STATES BANKRUPTCY COURT
18 EASTERN DISTRICT OF WASHINGTON
19

20 In Re:)
21)
22 Michael Stougard, a married man)
23 filing individually,)
24 Debtor.)

NO. 06-02463-11

FINDINGS OF FACT AND
CONCLUSIONS OF LAW
REGARDING CONFIRMATION
OF CHAPTER 11 PLAN

25)
26)
27 In Re:)
28)
29 Aer-Ex, Inc., a Washington)
30 Corporation,)
31 Debtor)
32)
33)
34)

NO. 06-02458-11

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FINDINGS OF FACT &
CONCLUSIONS OF LAW

- 1 -

06-02458-FLK11 Doc 172 Filed 06/08/07 Entered 06/11/07 10:47:15 Pg 1 of 6

1 THIS MATTER came on for hearing on May 31, 2007 for confirmation of
2 the Debtor's Chapter 11 Plan of Reorganization filed herein on February 26,
3 2007. The Honorable Frank L. Kurtz presided at the hearing. The Debtors
4 appeared through Michael Stougard, individually and as president of Aer-Ex,
5 Inc. Aer-Ex was represented by Edwin K. Sato. Michael Stougard was
6 represented by Roger W. Bailey. Also appearing at the hearing were the
7 United States Trustee through her attorney Gary W. Dyer, the Internal
8 Revenue Service through its attorney Rolf Tangvald and Dan Morgan and
9 Debbie Whalen through her counsel Metiner Kimel. The Court, after hearing
10 the testimony of Mr. Stougard and Aer-Ex, reviewing the Declaration of
11 Michael Stougard, reviewing the pleadings filed herein, including the proposed
12 order confirming the plan, hearing the argument of counsel and being advised
13 that all objecting creditors have agreed to confirmation of the Debtor's Plan (as
14 modified by the order confirming plan), hereby makes the following:
15
16
17

18 FINDINGS OF FACT

19
20 1. Debtor's filed their petitions for relief under Chapter 11 on
21 October 2, 2006.

22
23 2. The Debtor's Disclosure Statement was conditionally approved by
24 order dated February 8, 2007. The Disclosure Statement contains adequate
25 information to allow creditors and parties in interest to make an informed
26 judgment about the Plan.

27
28 3. The Debtors' plan was filed with the Court on February 26, 2007.
29 The plan is modified by the terms of the order confirming the plan dated May
30 31, 2007. The plan modifications contained in the confirmation order do not
31 materially impact the treatment of any class of creditors except the Internal
32 Revenue Service, which has consented to the terms contained in the
33 confirmation order. The plan and order confirming the plan are collectively
34 referred to herein as the "Plan."

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1 4. On February 27, 2007, the Debtors caused to be mailed the
2 following documents to all creditors or parties in interest in both the Stougard
3 and Aer-Ex cases, as evidenced by the Declarations of Christie Percy filed with
4 the Court on March 1, 2007:

- 5
6 a. Plan and Disclosure Statement;
7 b. Notice of Conditional Approval of Disclosure Statement &
8 Time to Object to Confirmation of the Plan;
9 c. Notice of Hearing;
10 d. Ballot for Accepting or Rejecting the Plan.

11 5. Each creditor or party in interest wishing to vote on the Plan was
12 required to file its chapter 11 ballot no later than March 28, 2007.

13 6. A tabulation of the balloting and a balloting summary was filed
14 with the Court in both the Stougard and Aer-Ex cases on April 3, 2007 and the
15 results of the same are hereby incorporated by this reference.
16

17 7. The result of the balloting was that Classes 4.1, 5, 6, 10, 12, 13
18 and 14 unanimously accepted the Plan. Debbie Whalen was the only party to
19 cast a ballot rejecting the Plan.

20 8. More than one impaired class of claims has accepted the Plan.

21 9. Debbie Whalen and the Internal Revenue Service objected to
22 confirmation of the plan. The objection of the IRS has been resolved in the
23 order confirming the Plan. The objection of Debbie Whalen to confirmation is
24 hereby overruled because the Court finds the Plan to have been proposed in
25 good faith.
26

27 10. The Plan complies in all respects with 11 USC 1123.
28

29 11. All required post-petition tax returns have been filed.

30 12. All administrative claimants have accepted the Debtor's proposed
31 treatment of their claims.

32 13. The Debtors' Plan of Reorganization meets the following
33 requirements:
34

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**FINDINGS OF FACT &
CONCLUSIONS OF LAW**

- 1 a. The Plan complies with the applicable provisions of chapter
2 11;
- 3 b. The Debtors have complied with all applicable provisions of
4 chapter 11;
- 5 c. The Plan has been proposed in good faith and not by any
6 means forbidden by law;
- 7
- 8 d. Any payment made or to be made by the Debtors or persons
9 acquiring property under the Plan for services or for costs
10 and expenses in or in connection with the case, or in
11 connection with the Plan and incident to the case, have
12 been approved by, or are subject to the approval of, the
13 Court as reasonable;
- 14 e. With respect to each impaired class of claims or interest,
15 each holder of a claim or interest of such class has accepted
16 the Plan or will receive or retain under the Plan, on account
17 of such claim or interest, property of a value, as of the
18 effective date of the Plan, that is not less than the amount
19 that such holder would so receive or retain if the Debtor
20 were liquidated under Chapter 7 of this title on such date.
21 In this regard the Court specifically adopts the liquidation
22 analysis prepared by the Debtor and attached by the Plan.
- 23 f. Each class of claims or interests has accepted the Plan;
- 24 g. Except as provided in the Plan, confirmation of the Plan is
25 not likely to be followed by the liquidation or the need for
26 further financial reorganization of the Debtors or any
27 successor to the Debtors under the Plan;
- 28 h. All fees payable under §1930 of Title 28 have been paid or
29 the Plan provides for the payment of all such fees on the
30 effective date of the Plan;
- 31 i. The Internal Revenue Service has agreed to the Plan;
- 32 j. All holders of undisputed unpaid post-petition
33 administrative claims have agreed to be paid in full and will
34 be paid in full in accordance with the Plan;

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1 k. Unsecured creditors will receive full payment of their
2 allowed claims, including the payment of post-confirmation
3 interest;

4 l. The Plan does not discriminate unfairly and is fair and
5 equitable with respect to each class of claims or interests;
6

7 14. The Plan filed with the court and submitted to voting by the
8 creditors complies with the requirements of the bankruptcy code and rules in
9 that it separately designates classes of claims for all creditors, specifies any
10 classes of claims or interests that are not impaired under the plan, and
11 specifies the treatment of all classes of claims and interests that are impaired
12 under the plan. The plan further specifies the same treatment of each claim or
13 interest of a particular class.
14

15 15. The Declaration of Michael Stougard, together with the
16 projections contained in the Plan outline a plan of repayment of the Debtors'
17 creditors which the Court finds to be feasible.
18

19 16. Debtor's proposed amendments to the plan, contained in the order
20 confirming the plan, do not adversely affect creditors and accordingly may be
21 approved without further notice and should be approved.

22 17. Approval of the Plan is in the best interests of creditors and the
23 Estates of Michael Stougard and Aer-Ex.
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29 [Intentionally Left Blank]
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1 Based on the foregoing FINDINGS OF FACT, the Court concludes as
2 follows:

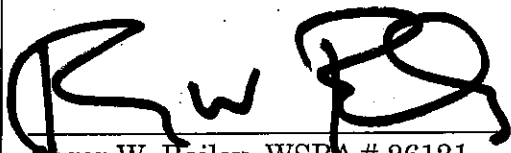
3 1. The Debtors' Plan complies in all respects with the applicable
4 provisions of the United States Bankruptcy Code, and specifically 11 U.S.C.
5 §1129.
6

7 2. The Debtors' Plan should be confirmed.
8
9

10 Presented By:

11 CARLSON BOYD & BAILEY PLLC

BUCKNELL STEHLIK SATO &
12 STUBNER, LLP

13
14 

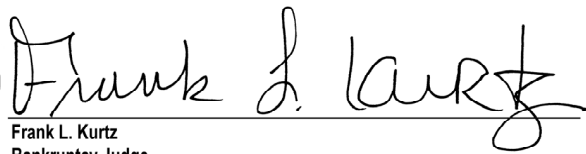
15 Roger W. Bailey, WSBA # 26121
16 Attorneys for Debtor Michael Stougard

via telephonic approval 05/31/07

Edwin K. Sato, WSBA # 13633
17 Attorneys for Debtor Aer-Ex, Inc.

18 X:\STOUGARD, M-20660\Bankruptcy-2006002\Pleadings\Disclosure Statement\Order Confirming Plan (Findings - FINAL - Whalen Language).doc
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Frank L. Kurtz
Bankruptcy Judge

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FINDINGS OF FACT &
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